

OFFICE OF THE ATTORNEY GENERAL AND REPORTER

**FOR THE YEARS ENDED
JUNE 30, 1995, AND JUNE 30, 1994**

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August 1, 1996

Members of the General Assembly
State Capitol
Nashville, Tennessee 37243
and

The Honorable E. Riley Anderson
Chief Justice of the Supreme Court
307 Supreme Court Building
Nashville, Tennessee 37243
and

The Honorable Charles W. Burson, Attorney General
Office of the Attorney General and Reporter
114 John Sevier Building
Nashville, Tennessee 37243

Ladies and Gentlemen:

Transmitted herewith is the compliance audit of the Office of the Attorney General and Reporter for the years ended June 30, 1995, and June 30, 1994.

Consideration of the internal control structure and tests of compliance resulted in no audit findings.

Very truly yours,

W. R. Snodgrass
Comptroller of the Treasury

WRS/cr
96/089

State of Tennessee

Audit Highlights

Comptroller of the Treasury

Division of State Audit

Compliance Audit

Office of the Attorney General and Reporter

For the Years Ended June 30, 1995, and June 30, 1994

AUDIT OBJECTIVES

The objectives of the audit were to consider the office's internal control structure; to test compliance with certain laws, regulations, or contracts; and to recommend appropriate actions to correct any deficiencies.

AUDIT FINDINGS

The audit report contains no findings.

"Audit Highlights" is a summary of the audit report. To obtain the complete audit report which contains all findings, recommendations, and management comments, please contact

Comptroller of the Treasury, Division of State Audit
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AUDIT REPORT
OFFICE OF THE ATTORNEY GENERAL AND REPORTER
FOR THE YEARS ENDED JUNE 30, 1995, AND JUNE 30, 1994

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OFFICE OF THE ATTORNEY GENERAL AND REPORTER
FOR THE YEARS ENDED JUNE 30, 1995, AND JUNE 30, 1994

INTRODUCTION

POST-AUDIT AUTHORITY

This is a report on the compliance audit of the Office of the Attorney General and Reporter. The audit was conducted pursuant to Section 4-3-304, *Tennessee Code Annotated*, which authorizes the Department of Audit to “perform currently a post-audit of all accounts and other financial records of the state government, and of any department, institution, office, or agency thereof in accordance with generally accepted auditing standards and in accordance with such procedures as may be established by the comptroller.”

Section 8-4-109, *Tennessee Code Annotated*, authorizes the Comptroller of the Treasury to audit any books and records of any governmental entity that handles public funds when the Comptroller considers an audit to be necessary or appropriate.

OBJECTIVES OF THE AUDIT

The objectives of the audit were

1. to consider the office’s internal control structure to determine auditing procedures for the purpose of testing compliance with certain laws, regulations, or contracts;
2. to test compliance with certain laws, regulations, or contracts; and
3. to recommend appropriate actions to correct any deficiencies.

SCOPE OF THE AUDIT

The audit is limited to the period July 1, 1993, through June 30, 1995, and was conducted in accordance with generally accepted government auditing standards.

BACKGROUND AND ORGANIZATION

LEGISLATIVE HISTORY

The Office of the Attorney General and Reporter was created pursuant to the Tennessee Constitution. In accordance with Article 6, Section 5, of the Tennessee Constitution and Section 8-6-101, *Tennessee Code Annotated*, the Attorney General and Reporter is appointed by the judges of the Supreme Court for an eight-year term.

Section 8-6-102 of *Tennessee Code Annotated* created the legal department of the state and appointed the Attorney General and Reporter its exclusive head. The Attorney General and Reporter is authorized to appoint assistants to aid in fulfilling the duties of the office.

ORGANIZATION

As the legal officer of the state, the Attorney General and Reporter and office staff represent the state in all civil litigation affecting it. All criminal cases on appeal are handled by the Attorney General's office. The acquisition, by eminent domain proceedings, of rights-of-way for all road systems under the supervision of the Department of Transportation is under the administration of the Attorney General. The assimilation and dissemination of legal information for the state are major functions of the Office of the Attorney General and Reporter. The office engages in litigation in both state and federal judicial systems. In addition, the Attorney General serves *ex officio* on several boards and commissions.

An organization chart of the office is on the following page.

The Office of The Attorney General and Reporter is part of the general fund of the State of Tennessee and is responsible for the following divisions and allotment codes:

Attorney General and Reporter	303.01
Publications	303.05
Special Litigation	303.08

PRIOR AUDIT FINDINGS

Section 8-4-109, *Tennessee Code Annotated*, requires that each state department, agency, or institution report to the Comptroller of the Treasury the action taken to implement the recommendations in the prior audit report. The Office of the Attorney General and Reporter filed its report with the Department of Audit on December 1, 1994. A follow-up of the prior audit finding was conducted as part of the current audit.

RESOLVED AUDIT FINDING

The current audit disclosed that the Office of the Attorney General and Reporter has corrected the previous audit finding concerning the initiation of revenue journal vouchers.

RESULTS OF THE AUDIT

AUDIT CONCLUSIONS

Internal Control Structure

We considered the internal control structure to determine auditing procedures for the purpose of testing compliance with certain laws, regulations, or contracts. The report on the internal control structure is on the following pages. Consideration of the internal control structure disclosed no significant deficiencies.

Compliance with Laws and Regulations

With respect to the items tested, the Office of the Attorney General and Reporter complied with the provisions of certain laws, regulations, or contracts. The compliance report follows the report on the internal control structure.

Report on the Internal Control Structure

March 13, 1996

The Honorable W. R. Snodgrass
Comptroller of the Treasury
State Capitol
Nashville, Tennessee 37243

Dear Mr. Snodgrass:

We have applied procedures to test the Office of the Attorney General and Reporter's compliance with the provisions of certain laws, regulations, or contracts for the years ended June 30, 1995, and June 30, 1994, and have issued our report thereon dated March 13, 1996. We performed the procedures in accordance with generally accepted government auditing standards.

We considered the office's internal control structure in order to determine our procedures for the purpose of testing the office's compliance with certain laws, regulations, or contracts and not to provide assurance on the internal control structure.

The management of the Office of the Attorney General and Reporter is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

The Honorable W. R. Snodgrass
March 13, 1996
Page Two

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the Office of the Attorney General and Reporter's ability to comply with laws, regulations, or contracts.

We noted certain matters involving the internal control structure and its operation that we have reported to the office's management in a separate letter.

This report is intended for the information of the General Assembly of the State of Tennessee and management. However, this report is a matter of public record, and its distribution is not limited.

Sincerely,

Arthur A. Hayes, Jr., CPA, Director
Division of State Audit

AAH/cr

Compliance Report

March 13, 1996

The Honorable W. R. Snodgrass
Comptroller of the Treasury
State Capitol
Nashville, Tennessee 37243

Dear Mr. Snodgrass:

We have applied procedures to test the Office of the Attorney General and Reporter's compliance with the provisions of certain laws, regulations, or contracts for the years ended June 30, 1995, and June 30, 1994. We performed the procedures in accordance with generally accepted government auditing standards.

Compliance with laws, regulations, or contracts applicable to the Office of the Attorney General and Reporter is the responsibility of the office's management. Our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests indicate that the Office of the Attorney General and Reporter complied with the provisions referred to in the preceding paragraph, except for instances of noncompliance that we have reported to the office's management in a separate letter.

This report is intended for the information of the General Assembly of the State of Tennessee and management. However, this report is a matter of public record and its distribution is not limited.

Sincerely,

Arthur A. Hayes, Jr., CPA, Director
Division of State Audit

AAH/cr